GLAND PHARMA LIMITED

May 20, 2026

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Listing Department
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Plot no. C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai - 400 051
Symbol: GLAND (ISIN: INE068V01023)

Dear Sir/Madam,

Sub: Earnings call Transcript – Q4FY26

Please find enclosed the transcript of the Earnings call for Q4FY26 of the Company held on Friday, May 15, 2026, at 18.30 Hrs. IST. This will also be available on the Company's website and the web link to access the same is https://glandpharma.com/investors/financials

This is for your information and records.

Yours truly,
For Gland Pharma Limited

Pallerlamudi Sampath Kumar

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Sampath Kumar Pallerlamudi
Company Secretary & Compliance Officer

Encl: As above

“Gland Pharma Limited

Q4 FY '26 Earnings Conference Call”

May 15, 2026

MANAGEMENT: **MR. SRINIVAS SADU – EXECUTIVE CHAIRMAN – GLAND PHARMA LIMITED**
MR. RAVI MITRA – CHIEF FINANCIAL OFFICER – – GLAND PHARMA LIMITED
MR. ALAIN KIRCHMEYER – CHIEF EXECUTIVE OFFICER – CENEXI
MR. SHRINIWAS DANGE – HEAD, INVESTOR RELATIONS – GLAND PHARMA LIMITED

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Moderator: Ladies and gentlemen, good day, and welcome to the Gland Pharma Limited Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shriniwas Dange, Head, Investor Relations. Thank you, and over to you, sir.

Shriniwas Dange: Thank you, Sagar. Good evening, everyone. We welcome you to Gland Pharma Earnings Conference Call for Q4 of FY '26. I am Shriniwas Dange from the Investor Relations team at Gland Pharma. Today, we have Mr. Srinivas Sadu, Executive Chairman; Mr. Ravi Mitra, Chief Financial Officer from India Office; and Mr. Alain, CEO of Cenexi, who is connected from France.

We will begin the call with the business highlights and operational highlights from Mr. Sadu, followed by updates about Cenexi from Mr. Alain. This will be taken up by the group financials overview by Mr. Ravi.

Before we proceed, I would like to remind everyone that some of the statements made today will be forward-looking and are based on management's current estimates. These statements should be considered in light of the risk associated with our business. This call is being recorded. The playback and script will be available on our website shortly.

With that, I hand over the call to Mr. Sadu for his opening remarks. Over to you, sir.

Srinivas Sadu: Thank you, Shriniwas. Good evening, everyone, and a warm welcome to all of you to Gland Pharma's earnings call for the fourth quarter and full year ended FY '26. I will begin with the strategic and operational overview. Alain will then share an update on Cenexi, and Ravi will walk you through our financial performance.

It has been a very strong quarter and a year for us in terms of revenues and profitability. This has been driven by robust growth in the CDMO segment, alongside new product launches, improved Cenexi performance and healthy profitability across various business segments supported by ongoing cost efficiency initiatives. We remain confident in sustaining this momentum, supported by a pipeline of complex product launches and the continued ramp-up of CDMO partnerships.

Let me begin with an overview of our performance. For the fourth quarter FY '26, we reported revenues of INR17,428 million, reflecting a growth of 22% year-on-year. Adjusted EBITDA for the quarter stood at INR5,244 million with margins of 30% and adjusted profit after tax was INR3,667 million with margins of 21%. The quarter saw a strong momentum driven by new product launches, including Dalbavancin, higher volumes from recently secured tender wins, continued ramp-up in key products and improving capacity utilization along with steady contribution from Cenexi.

For the full year FY '26, our revenue stood at INR64,307 million, registering a growth of 14.5%. Adjusted EBITDA came in at INR16,826 million, with margins of 26%, while adjusted PAT stood at INR10,455 million, with margins of 16%. The CDMO business represented 46% of total revenues supported by healthy growth of 28%, driven by our continued strategic focus on investments.

The consolidated performance reflects our ability to deliver high-margin CDMO projects, along with expansion of product portfolio, supported by strong operating leverage and cost optimization initiatives.

Let me now walk you through the base business operational performance during this year. Starting with the United States, which continues to remain our largest market, we have seen strong new product and volume-led growth. Revenues for the quarter were INR9,716 million, growing at 26% year-on-year, while for the full year, revenue stood at INR33,181 million with a growth of 11%. This growth has been primarily driven by new product launches and increased volumes from existing and new GPO contracts.

During the year, we launched 31 products in the U.S., including 5 products in quarter 4. Improved margins during the year reflect efficacy of operational efficiency improvements and operational leverage backed by volume base and new product base expansion. In Europe and other regulated markets with strong and accelerating momentum, revenues for Q4 stood at INR794 million, while full year revenues were INR3,249 million, reflecting a growth of 11%. Growth has been supported by early benefits from our integrated business development model.

The rest of the world markets revenues for the quarter stood at INR1,468 million, growing at 17% year-on-year, while full year revenues were INR6,511 million, reflecting a growth of 7%. Growth has been supported by tech-transfer and CDMO business, along with steady performance in our own portfolio. In India, revenues for Q4 were INR670 million and INR2,672 million for the full year.

Coming to the Cenexi business, it continues to deliver a steady performance with revenues of EUR45 million during the quarter, reflecting a growth of 4% year-on-year. Cenexi is now EBITDA positive, operationally stable and poised for growth. This performance reflects disciplined execution throughout the year, driven by higher capacity utilization, contract renegotiations to account for inflation, workforce rationalization, ramp-up of new products and deeper integration planned across business development, technology transfer and shared functions. Alain will provide further details on the same.

We remain confident of its continued contribution to both revenue growth and margin expansion over the medium to long term, notwithstanding some inherent quarter-to-quarter variability. At an overall level, during FY '26, we have strengthened our market position, supported by a broader geographic footprint, deeper customer engagement and increasing traction from our differentiated and high-value product portfolio.

Operationally, FY '26 has been characterized by strong volume growth and improved capacity utilization. Capacity utilization across key lines is now translating into improved operating

leverage and profitability. We are putting new capacities in our sites to cater to improved demand of our existing products and planned new launches.

In line with our expectations, we have received approvals, particularly Dalbavancin in February and multivitamin in April. Dalbavancin has been launched in U.S. and European markets and is already seeing strong demand and ramp-up. Similarly, our multivitamin portfolio is expected to have a steady revenue contribution. These products are expected to be meaningful contributors to growth in FY '27 and beyond.

Our CDMO business continues to show strong traction and is emerging as a key pillar of our long-term strategy. During the year, we signed multiple new CDMO contracts and expanded our pipeline across oncology, peptides and complex injectables. One of the major CDMO projects announced earlier is progressing well and is expected to be commercialized in H2 of FY '28 with an estimated annual revenue potential of USD25 million to USD30 million.

In addition, a few other high-value complex CDMO contracts were signed. These are expected to contribute meaningfully in the medium term. For the full year FY '26, CDMO business contributed 23% of base business revenues, growing at 33%. We clearly see CDMO as a key driver of growth and margin expansion going forward. In the GLP-1 space, we have made significant progress with 8 contracts already signed and the additional 6 to 7 are expected to be signed soon. Our current cartridge capacity now stands at 140 million units.

Our approach remains disciplined and value focused, positioning this as a strong mid- to long-term opportunity with meaningful upside. We continue to focus on capability building by exploring in-licensing opportunities in the areas of differentiated therapy areas or drug delivery systems like liposomals and biologics or biosimilars and capacity additions.

On the cost front, our focus on yield improvement, alternate sourcing, energy optimization and process efficiencies continues to deliver results, contributing to approximately 1% to 2% margin improvement. At the same time, our investments in AI and automation across quality, R&D and manufacturing will create structural efficiency advantages for the future.

Our R&D efforts remain focused on building a differentiated pipeline. During FY '26, we spent INR2,230 million on R&D, representing a 5% of base business revenue. In the U.S.A., we filed 24 ANDAs, received 28 approvals and launched 31 products. Our pipeline is increasingly focused on complex injectables and specialty platforms, which will drive long-term value.

We are witnessing increased demand in existing products on the back of contract wins with competitive pricing, which in turn is being achieved with our cost improvement programs with respect to the procurement and economies of scale. To cater to this demand, we are investing in the capacity expansions, capex outlay of INR2,000 crores over the next five years.

Looking ahead, we remain confident in our growth outlook, supported by recent high-end product launches, product ramp-ups and CDMO execution. At the same time, we expect EBITDA margins to remain strong.

To summarize, in FY '26, we have strengthened our operating foundation and built multiple growth engines. We remain highly confident in our strategy, execution and long-term growth trajectory.

Thank you for your continued trust and support. Over to you, Alain.

Alain Kirchmeyer: Thank you, Mr. Sadu, and good evening, everyone. This has been another good quarter at Cenexi. We are happy to report that we delivered on our guidance for the last quarter of our financial year 2025-'26. Cenexi recorded EUR45 million in revenue this quarter, a 4% increase over the same period last year with a major revenue improvement in Hérouville and Fontenay compared to the previous year.

After a profitable Q3 FY '26 quarter, we are pleased to inform you that we delivered an EBITDA of EUR1 million in Q4 FY '26, in line with our guidance. This underscores that our turnover strategy continues to gain momentum quarter after quarter. During full year FY '26, revenue stands at EUR182 million, reflecting an 11% growth year-over-year and EBITDA improved by EUR16 million.

I will now provide key site level updates. In Fontenay, the production ramp-up on our new ampoule filling line, which was installed last year, is progressing as expected. We are also actively preparing the replacement this summer of another old ampoule line with a new high-capacity line that will add additional 30 million ampoule capacity by 2027.

The activity in our Hérouville site continues to grow significantly, supported by the ramp-up in production of two successful products launched in 2025, an inactivated vaccine and a sterile ophthalmic gel. In Osny, one of our existing customers asked us to relaunch the development of a solid product that could become a game changer for the site.

Finally, in Braine-l'Alleud, we continue to see strong momentum in our injectable pipeline, supported by sustained customer interest and a healthy flow of request for quotation, providing good visibility for future growth. We won a large contract with a leading European laboratory to manufacture a hormonal drug filled in prefilled syringes.

We remain confident in our outlook for next financial year, supported by an improvement of our operational performance and an increase of output in Fontenay, a strong ramp-up of production with recently launched products in Hérouville and the continuing favorable outlook in Osny and Braine-l'Alleud. The ongoing investment in capacity increase and the fast-growing business pipeline reinforce our confidence that we will achieve our mid-term objective of a mid-teen EBITDA.

Thank you for your attention. I now invite Ravi to take you through our financial performance in more detail. Ravi, over to you.

Ravi Mitra: Thank you, Alain. Good evening, everyone, and thank you for joining us today as we review our financial performance for the fourth quarter and full year FY '26.

I am pleased to share that we have reported highest ever quarterly revenues and EBITDA during fourth quarter of FY '26. FY '26 has been a strong and rewarding year for us, marked by healthy revenue growth, improved profitability and solid progress across all key business segments with significant 28% growth in CDMO business. Currently, CDMO business constitutes 46% of the total revenues. The fourth quarter performance also was stellar with encouraging revenue growth and improved profitability with new product contribution.

Let me begin with the performance of the fourth quarter. For Q4 FY '26, our consolidated revenue stood at INR17,428 million, reflecting a healthy growth of 22% year-on-year. This growth was driven by new product contribution, strong volume expansion and continued traction in our older key products. The base business delivered a robust performance, while Cenexi continues its momentum with positive EBITDA contribution during the quarter.

Overall, gross margins for the quarter stood at 66%, an improvement of 30 bps over the previous year, reflecting the benefits of improved product mix and operational efficiencies. Excluding Cenexi, base business gross margins were at 62%, which improved 90 bps over previous year, reflecting our continued focus on cost optimization and margin improvement plans.

Moving to the full year performance. I am pleased to highlight that FY '26 has delivered strong results across all key parameters. Consolidated revenue for the full year stood at INR64,307 million, reflecting a growth of 14.5% year-on-year. The base business delivered consistent growth, supported by new product launches, increased volumes and improved market share, while Cenexi contributed meaningfully with a strong recovery and growth in revenues.

Overall, gross margins for FY '26 stood at 65%, reflecting an improvement over last year of 230 bps, driven by favorable product mix, operational efficiencies and higher contribution from value-added segments. Excluding Cenexi, base business gross margin were 61%, which improved by 260 bps over previous year.

Aligned with our strategy of building a strong pipeline of complex and differentiated products, R&D expenses for Q4 stood at INR506 million, representing approximately 4% of base business sales, while for the full year, R&D expenses were INR2,230 million or about 5% of base business revenue. Our continued investment in R&D reflects our commitment to strengthening capabilities in complex injectables, peptides and specialty delivery platforms, and we are seeing good progress across our development pipeline.

Coming to profitability. During Q4 FY '26, adjusted for ESOP-related non-cash expense of INR114 million, adjusted EBITDA stood at INR5,244 million with margins of 30%, a remarkable improvement of 500 bps over previous year. Margin growth was supported by operating leverage with two additional lines getting commercialized and cost efficiencies.

For the full year FY '26, adjusted EBITDA, excluding ESOP-related expense and other one-off items, stood at INR16,826 million with a margin of 26%, an improvement of 360 bps over previous year. This was mainly supported by Cenexi turnaround, operating leverage and cost efficiencies.

For the base business, excluding Cenexi, adjusted EBITDA margin remained strong at 41% for the quarter and 38% for the full year FY '26, highlighting the inherent strength of our core operations. We are also pleased with the progress at Cenexi, which has significantly improved its EBITDA performance and returned to profitability for the 3 quarters during the year, marking an improvement milestone in its turnaround journey.

Other income comprising primarily foreign exchange gains and interest income stood at INR1,115 million for Q4 and INR3,163 million for FY '26. Adjusted net profit for Q4 stood at INR3,667 million, translating to adjusted PAT margin of 21% versus 13% in previous year. For the full year, adjusted net profit stood at INR10,455 million with margins of 16% versus 12% in previous year, reflecting a strong improvement over the previous year.

On taxation, the effective tax rate for the quarter stood at 28% and the full year stood at approximately 29%. As of March 31, 2026, total cash and cash equivalent at the group level stood at INR33,591 million. External debt at Cenexi level stood at INR2,434 million. And overall, our balance sheet continues to remain strong and well capitalized.

Cash flow from operations remained healthy at INR4,045 million for Q4 and INR10,314 million for FY '26 compared to INR9,147 million in FY '25, reflecting improved operating performance and better working capital management. Our cash conversion cycle for FY '26 averaged 164 days, showing improvement compared to previous year, driven by better inventory management and receivables control.

Total capex during FY '26 amounted to INR4,938 million primarily directed towards the capacity and capability expansion in India, ongoing investments at Cenexi and selective projects aligned with our CDMO and complex product strategy. These investments are in line with our long-term strategy and building high-value capabilities and supporting future growth opportunities.

The year has seen strong revenue growth, improvement in margin profile and robust cash generation, along with a significant improvement in Cenexi performance. There is an increasing integration of Cenexi with Gland Pharma's core operation, particularly in business development, customer engagement and tender participation. We are now seeing meaningful cross-selling benefits with joint capabilities enabling us to win larger multi-geography contracts and attract new global customers. Cenexi and Gland will increasingly be operating as one unified platform in future.

With that, I would now request the moderator to open the line for questions.

Moderator: Thank you. We will now begin the question and answer session. Your first question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Thanks for the opportunity. Good set of numbers for the quarter. So if you could share the milestones and the revenue share for the quarter? That's my first question.

Srinivas Sadu: The quarter profit share is 9%, milestone is 6%.

Tushar Manudhane: So excluding that or like adjusting for the same, the EBITDA margin is still quite healthy for the quarter and impact in terms of the absolute EBITDA as well. So just to understand how sustainable is this as far as base business EBITDA is concerned?

Ravi Mitra: Yes. As we said, we could launch the major CDMO products and also two large products, [including] Dalba. Dalba got launched in March. So that will be annualized this year. That is the product with high margin. And also there are several CDMO projects got launched in this quarter.

And this will be annualized this year and these are long-term contracts. So this will be sustainable in terms of long term.

Tushar Manudhane: Got it. And sir, secondly, on this, if you could quantify like the 8 contracts value-wise, how much of this would be like the GLP 8 contracts, which you mentioned they are already signed? And how much of the capacity of this 140 million units will get utilized for these 8 contracts?

Srinivas Sadu: **As** we said, we are not actually talking any numbers for GLP. Even the guidance we're giving is excluding GLP because it all depends on these partners getting approvals in different markets and volumes. So we're not giving any numbers out yet. We're just saying how many contracts and the units also is very difficult to assume right now. So the forecasting or the guidance we give is excluding GLP. So anything which happens on GLP will be an upside.

Tushar Manudhane: Got it. And while not getting into details with respect to GLP, but any approval, so to say, you expect in FY '27

Srinivas Sadu: Yes, at least our [few] partners are expecting approvals.

Tushar Manudhane: And sir, just secondly, with respect to Cenexi, is it now safe to assume that at least we'll be EBITDA neutral for '27 and with sort of EUR45 million revenue?

Srinivas Sadu: So for FY '27, our target is to reach at least mid-single digit, high single-digit EBITDA. By the end of this year, we should get there, yes.

Tushar Manudhane: And this would be driven by the scale up in revenue as well?.

Srinivas Sadu: Yes. So the focus is more on efficiencies and putting up lines which we have invested into. So the focus is more on that. With these new product launches, the high-value products will replace the low-value products. So the revenue increase may not be that great, probably, but mostly on the profitability, the improvement should be -- what you are seeing is more on the efficiency side.

Tushar Manudhane: Got it. And sir, just lastly, on the hedging policy, if you could sort of refresh followed by Gland and both base business as well as Cenexi.

Ravi Mitra: So we have naturally hedged policy. So most of our raw material which we import is open and as well as the revenue is open. In Cenexi, it's mostly euro revenue and euro cost. So there's no need to hedge there.

Moderator: Thank you. The next question comes from the line of Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria: Thanks for taking my question. My first question is on Cenexi. Sir, on your comment that the revenue increase should not be that much. I mean, given the investments that we have made with the addition of ampoule lines and the contract lines that we're talking. We did see EUR50 million in the last quarter. So should Cenexi not be above EUR200 million of revenue in FY '27?

Srinivas Sadu: So we might touch about close to EUR200 million in FY '27 but the majority of the growth might come next year when we put up this additional line in August of this year, that will add capacity. So that will commercialize next year. That will ramp up a bit. But FY '27, EUR200 million is the target we are looking at.

Neha Manpuria: Understood. Okay. So the capacity addition that we're doing, the ampoule lines that we are adding will not contribute in this year. That's even though line that we have added last year, one of the lines.

Ravi Mitra: Yes. So last year, line which we added in ampoule line in Fontenay is ramping up now. So that is adding the revenue -- increased revenue at Fontenay site. The new additional line, which will be put up in August of this year, post getting it qualified, the ramp-up will happen next year.

Neha Manpuria: Okay. And for the base business, what is the growth momentum we should assume there? Is the mid-teens -- mid- to-high teens given the CDMO contract wins and the new product launches. Would that be a fair assumption? How should we think about ex-Cenexi growth?

Srinivas Sadu: As a consol, we are looking at around 13%, 12% to 13% growth. So it's a mix of both Cenexi and base business. This is excluding the GLP, whatever we get upside on that.

Neha Manpuria: Understood, sir. And on the CDMO business that you mentioned because I think you -- I missed the revenue, but did you say it was 46% of the revenue and grew 23%?

Srinivas Sadu: The base business is 23%. Because Cenexi is 100% CDMO, so as a group, it's 46%. And the base business is about 23%.

Neha Manpuria: Yes. Okay. And the contract -- the high-value contracts that you're talking about, I think one of them that should start -- I mean, all of the contracts put together, what would be the pipeline that we have, which gives you this medium-term visibility. If you could give any color there on the CDMO business?

Srinivas Sadu: So FY '27, it's almost, I would say, [$]40 million, [$]50 million will come from CDMO. See the additional growth coming from the CDMO contracts in FY '27 will be between [$]40 million to [$]50 million.

Neha Manpuria: This is in the base business.

Srinivas Sadu: Yes, base business, correct.

Moderator: Thank you. Your next question comes from the line of Shashank Goel from Infinity Capital. Please go ahead.

Shashank Goel: Yes. Firstly, a very good set of numbers. I got 2 questions. First one is what kind of growth do you expect for the overall business in the coming year and over the next 3 years? You answered this question and then I've got one more question.

Srinivas Sadu: Sorry, can you repeat that?

Shashank Goel: Yes. So my question is what sort of growth do you expect for the overall business in the coming year and over the next three years?

Srinivas Sadu: The next four years, we're looking at a CAGR of 15% at a consol basis.

Shashank Goel: Okay. And my next question is on Cenexi, like what sort of steady-state margin profile can we achieve? So what sort of steady-state margin profile can we achieve?

Ravi Mitra: So we are looking at mid-teen EBITDA level in the midterm.

Moderator: Thank you. The next question comes from the line of Devang Shah from A&T Financials. Please go ahead.

Devang Shah: Sir, the first question is from the Cenexi side. We did the acquisition a few years back. And still also like just now on the last question, you spoke about that in next year, we can achieve the mid-teen numbers, right? Was it a good purchase? Or it's like -- like I'm not understanding what was the concept behind it?

Like what was the rationale? Because we have purchased it 2, 3 years back, if I'm not wrong. And next year, mid-teen EBITDA levels, what was the rationale behind that?

Srinivas Sadu: So one is, of course, we are not still exploited synergies as a strategic initiative, we need to enter CDMO business in Europe. That's one. Second, the clientele of Cenexi is completely independent of what we have. So we are not completely exploited at that. So we are working on that.

We have already signed 5 to 6 products with the same clientele what Cenexi has. So although those don't reflect in Cenexi's business, but that adds to at a group level. So one is that. Second, our own products, now we have actually taken MAs in Europe. So Cenexi will act as a releasing entity there.

So more products of Gland can get into European market as well. From technology front, they have technologies which we don't have. Again, like the sex hormones, we don't have. So we're doing a development program where we can develop and then get manufactured at Cenexi because there's a substantial business out there for that. There are not many sites available for it.

So there are multiple reasons why we acquired this, not just the business what they have. So as we speak, we have already started developing some hormone products. Now we're looking at the controlled substances, which you can't do in India, signing contracts with customers of

Cenexi for our products and our own products getting launched in. So there are several reasons why we did this acquisition.

Devang Shah: Okay. And sir, the other thing was like currently, the Cenexi is operating at the maximum level or it's like the capacity utilization is just 50% or 80%. Can you just give me the brief like what the capacity utilization over there?

Srinivas Sadu: At Cenexi?

Devang Shah: Yes.

Srinivas Sadu: So Cenexi, some sites are operating at full level. Like Fontenay is at almost 100%. That's why we kept -- we'll add a line and one more line we're adding, replacing that so that we can increase the capacity. So there is a demand -- higher demand than what we are able to supply today. Osny again, solid orals, it's almost 100%, I would say, 90% occupancy.

The other 2 sites, we have capacity, where the tech transfer programs have happened and some products are getting launched. Those are probably at 50% - 60% capacity, 2 sites.

Devang Shah: Yes. Okay. And sir, what's the future plan on the group base on the Gland Pharma group base? What are your future plans to maintain this EBITDA level of 25% plus? And like we are just spending 4% to 5% on the R&D. So is there any plan to increase or ramp up that part of the double digit or something?

Srinivas Sadu: So we have several programs what we're doing. One is, of course, internal R&D, where we spend 4% to 5%. We also do co-develop projects, around 15 projects we are working with development partners. Those don't reflect in this spend what we do. We're also doing an in-licensing program with China in the liposomal side.

So those also do not reflect this. So these are internal R&D spend what we're showing reflecting, but there are also spend which is done on different aspects. The other is, of course, more focus on high-tech CDMO. So the investments are going into, say, for example, microsphere manufacturing technology, nanotechnology. Those are high-value CDMOs where the margins are very high.

So on one side, the volumes are helping us in terms of the products -- high-volume products, which is helping us in operating leverage. So keeping the cost down per unit cost down. The other side, we're also entering contracts, which is high-value CDMO contracts. So in the long run, I think we think it can be sustainable in terms of margins.

Moderator: Thank you. The next question comes from the line of Rahul Jeewani from IIFL Capital. Please go ahead.

Rahul Jeewani: Thanks for taking my question. Sir, this overall consol top line guidance of 12% to 13%, which you provided for FY '27, I'm assuming that is in INR terms. But on the currency as well, both on USD-INR and euro-INR, we would see almost a 5%, 6% kind of a benefit in FY '27. So do

you think that your guidance of 12% to 13% is a bit conservative because then essentially, what we are implying is that the constant currency growth would only be again high single digits?

Srinivas Sadu: So we can't assume what the currency rate would be. So we're taking on a constant currency whenever we are giving the guidance. So this is based on constant currency growth. So if any fluctuation currency happens, then that will be an upside.

Rahul Jeewani: Okay. So 12%, 13% is on constant currency only?

Srinivas Sadu: Correct. Correct.

Rahul Jeewani: Sure, sir. And let's say, while you said that Cenexi might see a growth acceleration from FY '28 for the base business, what is driving, let's say, growth in FY '27?

Srinivas Sadu: So like I said, the products what we launched in last quarter, and that's why the numbers look good. That is annualized, and we also won a GPO contract for that. And the MVI multivitamin we're launching in this quarter. So just these 3 or 4 products are actually contributing to about $40 million. And then we have our own new launches helping us give another INR200 crores.

So together, about INR650 crores is from the base business and about INR150 crores will come from the Cenexi business excluding the forex and the GLP-1 and we are also seeing a lot of shortages we are hearing from U.S. now. That could be also be an upside. But we think that with the current order book and forecast in hand, 12% to 13% is the guidance we want to give.

Rahul Jeewani: Sure, sir. And last question from my side. So obviously, over the past couple of quarters, we were banking on Dalbavancin and the multivitamin portfolio also gets launched, which is helping us to drive growth now. So for FY '27, are we looking at, let's say, any critical product opportunities to come in, which you can follow?

Srinivas Sadu: No. So there are already products which are approved, which we have tentative approval and the patent is expiring later this year. So the product is already approved. So just the launch is there. And there are other CDMO contracts, which we will start producing it.

These are all approved products. So the guidance what we're saying 12% to 13% is without any risk, I would say, because almost all the products we have approval except one small product.

Moderator: Thank you. The next question comes from the line of Ashish from Leo Capital. Please go ahead.

Ashish: Thank you for taking my question, sir. So on GLP-1, are we looking to register the product ourselves in any of these markets? Or we will be manufacturing partners for companies registering the product?

Srinivas Sadu: Yes. So we are not developing these products. We are only a CDMO for GLP-1. So we will be producing all Liraglutide, sema and tirzepatide. So all the 3 GLP-1 versions will be manufacturing, but mostly for -- but everything for other customers.

Ashish: Got it. My second question is considering we have eight GLP-1 and the customers approved and 6 in the pipeline, what markets have our partner received approvals in? And what sort of capacity utilization do we expect over the next 1, 2 years?

Srinivas Sadu: So I can't give you more details because if I tell whether the customer got approved or not, then it's very obvious. So we don't want to let that out. Volumes also, it's too early to tell. Like I said, our guidance is ex-GLP, want to see how the market forms and when these customers get approvals and how many units they can sell. So it's too early to give a guidance on that.

Ashish: Okay. But any specific markets which have got an approval, can you give that out?

Srinivas Sadu: No, no, probably you'll hear once they launch. So we don't want to let out the names.

Moderator: Thank you. Your next question comes from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Thank you for the opportunity. Sir, first question, just a follow-up on the previous participant on GLP-1. So first of all, any reason why we are not including this in our guidance for '27 and second, if you could just broadly help us understand this 140 million capacity what we have now, say, over the next 2 to 3 years, how should we kind of build up a ramp-up into this capacity?

Srinivas Sadu: See, as you know, it's very difficult to give a guidance because one is, of course, we are not selling directly to customers. Second, the timing of launches will vary from customer to customer, market to market. And most of the volumes, as you know, comes from U.S. where the patent is post 2030. So the ramp-up will happen mostly during that time.

So I think next year, I would say a lot of exhibit batches filings and some approvals will come later part of this year, maybe third quarter. So it's very difficult to assume numbers without actually having to know when the approvals will come in which market.

Abdulkader Puranwala: Understood, sir. Sir, and next one, just a clarification on the opening remarks from Ravi sir, when you talked about opportunities of cross-selling coming within the parent group. So how exactly should we look at it from a growth perspective? Is that something what we have already worked upon and FY '27 guidance kind of adequately covers it? Or for the FY '28 and beyond, how should the ramp-up in the products should pan out?

Srinivas Sadu: You mean the Cenexi integration piece, you're saying?

Abdulkader Puranwala: No, I'm talking with the parent with Fosun, cross-selling opportunities there?

Srinivas Sadu: No, that's not with Fosun. It's more to do with Cenexi. But that's not guided in FY '27. Whatever we are doing with Cenexi clientele, whom we are signing products with them, that is not this year. You'll see that from FY '28. There are 3 MAs which are also signed up. You might see some launches happening from third quarter, but mostly from FY '28.

Abdulkader Puranwala: Okay. Okay. Understood. And sir, last one is a bookkeeping question from my end. I mean you had an ETR of close to 30% for the year. What should we kind of build in for the next 2 years?

Ravi Mitra: Tax rate will improve because Cenexi profitability as it improves, there will be -- the blended tax rate will be better. It will come down.

Moderator: Thank you. The next question comes from the line of Smith Gala from RSPN Ventures. Please go ahead.

Smith Gala: Thank you for the opportunity. Congratulations on a good set of numbers. My first question, as you also threw light in your opening remarks, what caused us to give such a wonderful growth in Q4, especially in the base business? And what kind of margins are sustainable as the base business is concerned, we have delivered around 40%, 41% margins. So for the full year, not even with '27, '28, what kind of margin in base business are sustainable?

Srinivas Sadu: So if you see last few quarters, base business EBITDA margin is around 35%, 36%, and we've been guiding like that. So we still guide for the year as a base business around 35%, 33% to 35% and as a consol basis, around 25%, 26% EBITDA. Now the -- like probably for a few quarters, we've been saying the initiatives we took to increase the CDMO business. So that -- those contracts which we have signed up and got commercialized last quarter and it will continue to commercialize moving forward.

On the initiative side, again, 2 more lines got operational this quarter. One more line will get operational next quarter. So we're also getting an operational leverage from capacity because there is a demand in terms of products. So we've been seeing which products actually to sell. So there is an increased demand.

Again, we did tell that we signed -- we got several GPO contracts end of last year, which started -- which started selling from beginning of this year. So that also added to volume growth and with added lines and volume growth that also helped in operational leverage. So that's why the margins are high. I would say a combination of new GPO contracts, which we have won because of the better cost structure we have and then some operational leverage and also the CDMO business.

Smith Gala: Okay. That was helpful. The next question is, I know that we don't have much impact to the Middle East. It's around 2% to 3% of our total sales. But any impact do we see on the Middle East part of our business as we may have mentioned Saudi Arabia in some of our growth guidance. And any development on the new CEO appointment?

Srinivas Sadu: So if you look at the Saudi, it did impact. If you see last quarter, there's a dip in ROW business. Major dip is coming from that area because we didn't ship anything to that space. So probably, hopefully, next quarter or so, if it cools down, that might -- the shipments might start and the ROW might come on track. So that's an impact for sure from a business perspective. From a CEO perspective, yes, we are looking at candidates who have stronger CDMO background and also bio background as well. So that's an active look out for that.

Moderator: Thank you. The next question comes from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Thanks for taking my question. Mr. Sadu, if you can talk about your investments and any update on the biologics biosimilar space that you had mentioned a few quarters back?

Srinivas Sadu: Investments generally or on the -- just on the bio. So on the investment side, I'll first touch upon the general side. We do have now facing some constraint on certain products, ophthalmics, we are tight on it. So we have taken Board approval to put up ophthalmic line with the capability of suspensions. Also, we are getting into blow-fill-seal technology.

So that will be next year. So -- but the investment will start now. So then the -- of course, some CDMO contracts needed dedicated equipment and lines. So there's investment going in that. So around INR2,000 crores, we're investing in the next 3 years in addition to about INR300 crores this year.

Ravi Mitra: FY '27, we expect about INR500 crores.

Srinivas Sadu: As a INR500 crores investment in FY '27 and on the bio side, it's still -- we have not invested much. Still it's a slow run. So in the guidance we gave also the numbers, I would say, is low, but not that much. But we are looking at small-scale projects just to understand the space and know-how, but not much investment going into that space yet.

Saion Mukherjee: Right. Sir, I think the second question as was on medium-term growth. You're investing INR2,000 crores. I think you mentioned over the next 4, 5 years, you expect like mid-teen growth on a consol basis. And there are various growth drivers that you have talked about.

Is it possible for you to sort of indicate the key drivers or what do you think would be the number 1, number 2 or number 3 drivers that would sort of help deliver 15% kind of midterm top line growth?

Srinivas Sadu: I think our CDMO pipeline is very strong, I would say. The RTU bag portfolio is strong again. So several products in that, they are under patent and which goes off patent. So that is one big growth driver. One is the complex injectables, suspension products.

And there are sterile API-based complex injectables. That's another growth driver. And CDMO, we did mention last year on the CMS project, what is signed with the European entity. So that will commercialize from end of this year, third quarter of this year. So that is a big revenue driver for us, along with some pen device projects what we signed up with multinational on the CDMO side, that's a growth driver.

So there are several pipeline projects with -- I would say many are approved products. Some are changed from a vial to device projects, which we have taken up along with RTU bags. I think these are the major growth drivers.

Saion Mukherjee: I mean, is it like over the next few years, your growth rate would be largely steady at like mid-teens? Or you see one particular year where there could be a step-up like FY '28, '29?

Srinivas Sadu: See, FY '29 will be one big step up. A couple of complex products, which are big ones, will be launched probably third, second or third quarter FY '29. That could be one big step up. But I

think the steady state this year, if it is -- we are saying 13% at a constant currency. And then FY '28 could be 15% and then later, it could be 19%, 20% or a bit more.

So there will be a step-up in FY '29 where more complex products will hit the market. But otherwise, it's more CDMO and other products which we have. Some we have settlement dates in FY '28. Those also gets launched in FY '28.

Saion Mukherjee: Understood, sir. And just last question, if I can, on the cost side because of the Middle East, are we seeing any pressure in terms of raw material availability of price or power cost in Europe? Any sort of an impact on account of the Middle East conflict? And also, in your comments, you also mentioned about cost optimization. I mean, is there scope for additional cost optimization within your existing setup? And if you can quantify that?

Srinivas Sadu: Yes. So this is an ongoing exercise for us in terms of cost optimization. From the cost perspective, Europe, I think at Cenexi, we hedged power cost. And in India, we are more and more we are looking at solar. We have already acquired a solar plant.

So that should help us in reducing some of our power costs. And also, it's a constant optimization in terms of several products where the batches were low, we are increasing those batch sizes because of the contracts we won. So I think it's an ongoing exercise. In terms of Middle East, yes, it's not a question of availability, but I think it's more to do with -- we hear there is a short delay in solvent supplies. But we are not a major API producer.

So there's not much impact on solvent side. But from vials and glass, yes, there is a request from the suppliers to increase it by 5% to 6%. So we are studying the impact on the long run. It's too early to tell, but probably there could be an impact of 1%, 2% overall.

On the logistics side, as you know, our model, we share the cost with our partner. So it will be minimal cost. But again, we have to see the total impact, but probably 1% to 2% on the revenue could be an impact.

Moderator: Thank you. The next question comes from the line of Shyam Srinivasan from Goldman Sachs. Please go ahead.

Shyam Srinivasan: Just the first one on the cartridge capacity now at 140 million. Sir, I know you're not telling which are the contracts, geographies, but any sense of the -- I don't know whether all 8 are GLP-1, but aggregate, roughly how much of that 140 million could be GLP-1 or has been contracted?

Srinivas Sadu: All are GLP-1 only. It's just a different molecules in GLP-1.

Shyam Srinivasan: No, no, no. Sir, how much has been contracted, not capacity.

Shriniwas Dange : Can you repeat, Shyam? We didn't get your last statement.

Shyam Srinivasan: No, Shriniwas, I'm just asking of the 140 million capacity, how much have been contracted now? Aggregate number. I'm not looking at each contract, but aggregate, how much has been contracted at least in the next 12 months?

Shriniwas Dange : So Shyam, it is not possible for us to give you how much of the capacity has been contracted because it is basis the projections that are provided by the partner, and it changes from time to time. So it won't be possible for us to quantify how much of it has been contracted so far.

Shyam Srinivasan: Understood. But the expectation is that in the next 12 months, as these come to fruition and maybe there's a press release from some of the partners, it will come to light in the public domain. Would that be fair?

Srinivas Sadu: Yes. Once they get approval, then we will make an announcement and come to the public.

Shyam Srinivasan: Understood. Second question is on constant currency growth for the quarter, Q4, rupee growth is 22%, but what is constant currency growth? And maybe if you could also tell us the U.S. revenue growth?

Srinivas Sadu: We can come back to you on that. It's very difficult to tell because we have multiple -- because that's also volatile during that quarter because many invoices are made at a different point of time. And we also have some U.S. sales happening in rupees, especially with the local customers. But we'll come back to you. Shriniwas will come back to you separately.

Shyam Srinivasan: Last question is on Dalbavancin. So was there -- given we launched in Feb, was there a channel push or an inventory push given that -- which could have increased Q4 numbers and maybe normalizes over time? Would that be a development in quarter 4?

Srinivas Sadu: Not really. In fact, after we launched, the customer has won the Vizient contract as well. So the numbers are actually up from the first quarter, for the next 4 quarters. If you annualize that, the annualized numbers will be higher than what we sold in that quarter.

Moderator: Thank you. The next question comes from the line of Ashish from LEO Capital. Please go ahead.

Ashish: So I mean, I had previously asked regarding the GLP-1 ramp-up. And you told that it might be delayed. And I wanted to know what was the rationale behind adding the next 100 million capacity? Was the previous 40 million fully utilized?

Srinivas Sadu: No. So when everybody launches in 2030, so we should be ready with that. So what we have also done is we also signed an insulin contract for this line, which will help us fill the capacity for some time till the full ramp-up happens. So the line what we have is a combo line, which can fill vials and cartridges.

So we will fill insulin cartridges and vials for at least next few years till full ramp-up happens for the GLP-1. But as you know, we can't produce to everybody if we just have 40 million when it commercializes. So it's more to do with commercial launch when it happens in 2030, we should have enough capacity, but the filing will happen from that line. So that's the reason.

Ashish: So the insulin vials are occupying the total 140 million?

Srinivas Sadu: So the insulin vial and cartridges might occupy 30 million to 40 million in the next couple of years. It will be a ramp up, but at least that will cover till 2030, majority of the costs.

Moderator: Thank you. Ladies and gentlemen, we will take this as our last question for today. I now hand the conference over to the management for closing comments.

Shriniwas Dange: Thank you, everyone, for joining us today. We appreciate your participation in the question-and-answer session during the call. If you have any follow-up questions, please feel free to reach out to us. We look forward to connecting with you again next quarter. Thank you.

Moderator: Thank you. On behalf of Gland Pharma Limited, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines.